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Charles L. Howorth, Jr.

Regulatory Vice President

1999 SEP 24 PM 11:54

EXECUTIVE SECRETARY

September 24, 1999

Mr. Joe Werner
Chief, Telecommunications Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: Tariff for Contract Service Arrangement TN99-4663-00
Docket No. 99-00600 ✓

Tariff for Contract Service Arrangement TN99-3195-01
Docket No. 99-00599 ✓

Dear Joe:

Thank you and the other members of the Staff for meeting with us to discuss the Agency's letters of September 7, 1999 and BellSouth's response to those letters. We appreciate your willingness to meet with us and discuss our concerns. You will recall that we discussed both a long-term solution to the Staff's concerns and, given those same concerns, a resolution of the referenced CSAs which is a bit more problematic because of their already being negotiated and signed. In either event, I believe we recognize each other's need to, first, address those concerns and, second, to do so in the most unobtrusive manner to the customer. With this in mind, BellSouth is submitting the attached letters which we believe provide the Staff with information they have requested without imposing additional and unnecessary burdens on BellSouth's customers.

As we discussed during the proceedings regarding the Store CSA and the Bank CSA, one of the criteria BellSouth uses to identify a customer as a candidate for a CSA is the availability of a competitive alternative for that customer. We expressed our concern that our position has been narrowly interpreted to be a specific competitive offer. While such an offer certainly qualifies, our testimony and filings specifically reference competitive alternatives. Otherwise we would be placed in a purely reactive mode which is neither good business nor efficient

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competition. We would be happy to discuss this further if necessary and provide support if needed. Also during this discussion, the Staff noted that you would like more specific information regarding the competitive alternatives available to the customers who have signed the above-referenced CSAs. As we discussed during that meeting, BellSouth is willing to provide additional information regarding the competitive alternatives available to these customers.


Our primary concern about this additional information, however, is the form in which it is provided, i.e., the request for affidavits from these two customers detailing specific offers these customers have received from competitors. As we mentioned in our letters of September 10, 1999, and as we hopefully explained more thoroughly in our meeting with the Staff, we are concerned that requiring BellSouth to obtain such affidavits while its competitors are under no such requirement puts BellSouth at a serious competitive disadvantage. At best, a customer will view a request for such an affidavit as an additional burden imposed upon it only when dealing with BellSouth, but not when dealing with other providers. A customer also could perceive BellSouth's request for an affidavit as an affront to its credibility. Requiring a customer to sign such an affidavit could well have a chilling effect on a customer's willingness to consider BellSouth's competitive offer that is not present when a customer considers a special contract with another provider.

Thus we have tried to balance the Staff's needs in these two CSAs with our reluctance to creating additional and unnecessary burdens for these two customers. As stated before, we are agreeable to working with the Staff on language that can be placed in a CSA before the contract is negotiated that will resolve the Staff's concerns so that we will not have this situation in the future. But to put to rest these specific CSAs, we have attached letters describing the competitive alternatives available to these customers. These letters are signed by the BellSouth account representative assigned to each customer and by the Assistant Vice President -- Sales of their respective districts. Our account representatives have covered the information in these letters with these customers and, if necessary, we can provide a contact with each of these customers with whom the Staff can confirm the information in the letter. This can be coordinated through Jeff Fox, Paul Stinson, or me.

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We appreciate the Staff's willingness to work with BellSouth on this matter, and we trust that the attached information is sufficient to satisfy the Staff's request for additional information and to allow the Directors to approve these two CSAs during the September 28, 1999 Conference.

Very truly yours,

A handwritten signature in black ink, appearing to read "Charlie Howorth". The signature is written in a cursive, flowing style.

Charles L. Howorth, Jr.

CLH/jem



BellSouth Business Systems, Inc. 423 694-2200
Building D, 1st Floor
9000 Executive Park Drive
Knoxville, Tennessee 37923

September 22, 1999

Joe Werner
Chief, Telecommunications Section
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

RE: CSA TN99-3195-01
(Docket No. 99-00559)

Dear Mr. Werner:

The above-referenced Contract Service Arrangement ("CSA") is a product-specific CSA for the provision of Frame Relay service. This letter will document some of the competitive alternatives that are available to the Customer that has signed this CSA with BellSouth. The information in this letter is based on a variety of sources, including direct discussions with the Customer.

- 1) Several competitors, including MCI/Worldcom, AT&T, and Intermedia Communications currently offer Frame Relay service in Tennessee.
- 2) When BellSouth initially proposed this CSA to this Customer, Sprint was offering this Customer a waiver of installation charges on all Frame Relay circuits after the first three. Although Sprint's monthly costs were slightly higher, this waiver of installation charges was very attractive to the Customer.
- 3) AT&T recently approached this Customer regarding Frame Relay services and presented a formal proposal which included substantial service guarantees under a Service Level Agreement.
- 4) USLEC approached the customer to discuss providing local dial tone via PRI and gave the Customer verbal quotes for significant discounts over BellSouth's PRI offering.

We have reviewed this information with the Customer to ensure that the information set forth in item numbers 2 – 4 accurately reflects our discussions with the Customer.

Submitted:

Name: Walter B. Pratt

Title: Senior Asst. Executive

Concurred:

Name: John C. Rose

Title: A.V.P. - Sales

September 23, 1999

Chief, Telecommunications Section
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

RE: CSA TN98-4663-00
(Docket No. 99-00600)

Dear Sir:


The above-referenced Contract Service Arrangement ("CSA") is a volume and term CSA. This letter will document some of the competitive alternatives that are available to the customer that has signed this CSA with BellSouth. The information in this letter is based on a variety of sources, including direct discussions with the customer.

- 1) MCI is providing a national frame relay network for this customer. BellSouth submitted proposals for this network, but MCI won this business.
- 2) US LEC is providing this customer with four T-1s for access to outbound 800 calls. US LEC also has met and is continuing to meet with this customer to propose providing this customer's local service, including Primary Rate ISDN lines serving this customer's PBXs.
- 3) Time Warner has installed about 200 "Road Runner" links for this Customer for internet access.
- 4) AT&T, NEXTLINK, MCI, US LEC, and Time Warner each have met with this customer to discuss using its local service and/or using its SONET rings to replace this customer's current BellSouth service.
- 5) This customer is evaluating proposals that MCI and BellSouth have submitted for the provision of video conferencing backup services.
- 6) This customer has received a proposal from NEXTLINK for dry fiber between some of this customer's locations. This customer also is waiting for a proposal from Memphis Light Gas and Water for the same fiber service.
- 7) The customer is considering obtaining local directory assistance services from providers other than BellSouth.

We have reviewed this information with the Customer to ensure that our understanding accurately reflects our discussions with the Customer.

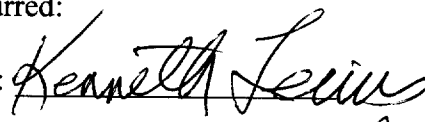
Submitted:

Name:


Title: John A. Smith

Concurred:

Name:


Title: Assistant Vice President